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Seattle Woman Makes Tax Season Less **Taxing For Sex Workers**

Lori St. Kitts is one of the few U.S. tax preparers who specialize in helping people report income from sex work, a sprawling industry that straddles the above-boar and underground economies.





Feb 18 (Reuters) - Two things in life are certain for Lori St. Kitts: sex and taxes.





underground economies.

As this year's April 15 tax filing deadline nears, the Seattle woman expects to prepare the returns of 100 to 150 sex workers, many of whom harbor fears that reporting illicit income might get them into trouble.

In fact, she says, the opposite is true.

"Regardless of what you do — if you're in business for yourself, especially — you need to follow tax laws," she said.

St. Kitts, 51, known as Mistress Lori on a website that boasts of "bringing your tax liability to its knees," literally wrote the book on the subject seven years ago with "The Tax Domme's Guide for Sex Workers and All Other Business People."

The term "sex worker" covers a swath of racy occupations, including stripper, porn performer, phone sex operator, dominatrix and escort. Or, as St. Kitts puts it, "anyone at all who is doing something that makes somebody potentially orgasm."

There are no reliable estimates on what Americans spend for all those sexual services. But Havocscope, which provides information on black market activities, estimates the U.S. prostitution business alone at \$14.6 billion.

If St. Kitts shares a certain intimacy with sex workers, it is because she is one, too. After following her mother into tax prep work, she heeded another piece of maternal career advice in 2005 when she quit her job because of a long commute.

"You have a beautiful voice for phone sex," she remembered hearing. "My mother said that!"

And so, St. Kitts became a voice on the phone for men who wanted to talk to a college girl, a housewife or a nanny.

"You can't really practice for it," she said. "You're either adept or you're not. You're just talking about sex."



that was where St.Kitts spotted tax questions that needed answering.

Soon, she was getting requests for tax help from other phone sex operators, "because they're in Iowa and they can't go to their H&R Block next door because their friends and family are there."

RELUCTANCE TO FILE

Sex workers, who tend to be women serving heterosexual men, can be challenging for tax preparers.

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For one thing, said attorney Christopher Kirk, who started his Portland, Oregon-based Safeword Tax Service six years ago, some sex workers are reluctant to even file returns.

"The penalty for tax evasion is much greater than for sex work," Kirk, 49, said he tells his sex-worker clients.

Since many are forced to deal in cash, there are also the challenges of getting them to keep records of their income and to set aside enough money pay their taxes, he said.

St. Kitts, who handles clients throughout the country, said the most challenging sexworker returns to prepare are for escorts and dominatrixes because they typically have a mix of legal and illegal income. A money-for-sex transaction is typically illegal if there



While all income needs to be declared, she said independent business people can deduct legitimate business expenses — an ankle restraint in a dominatrix's dungeon, for example — only from legal income.

The tax code is unclear about when sex workers can safely deduct expenses and when they cannot, she said, "But you're pretty safe as long as it doesn't touch the genitalia."

The Internal Revenue Service did not respond to requests for comment on whether illicit income should be declared, whether expenses can be deducted from it and whether the agency reports suspected illegal activity to local authorities.

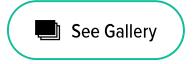
St. Kitts has since quit the phone sex business, but she now works as a part-time chastity dominatrix, "Domina Lori," having men wear chastity belts and making them do tasks to get her to give them the keys.

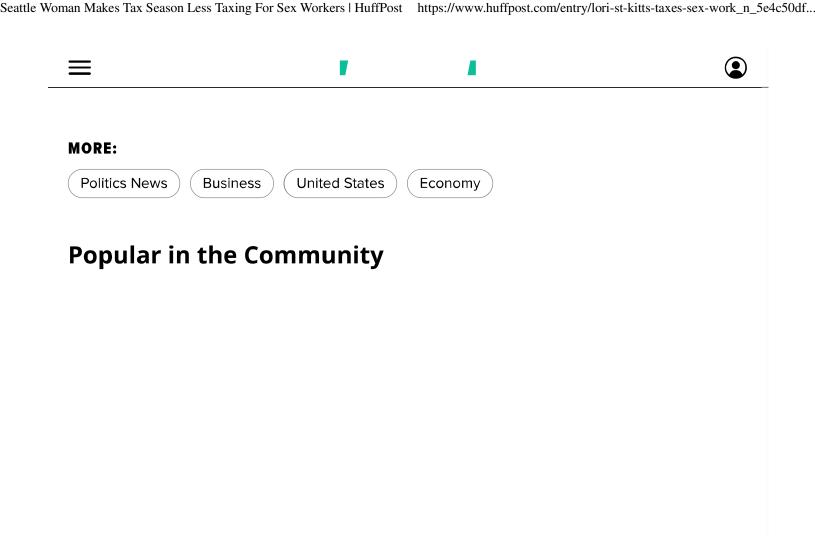
"It's very cerebral, actually," she said, adding that the keys are deductible.

(Reporting by Peter Szekely in New York; Editing by FrankMcGurty and Diane Craft)



Sex Worker's Outreach Project





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